

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room W215 Senate Office Building, State Capitol Complex

January 12, 2010

Members Present: Sen. Ralph Okerlund, Co-Chairman
Rep. Sheryl Allen, Co-Chairman
Sen. Gene Davis
Sen. Sheldon Killpack
Rep. Julie Fisher
Rep. Chris Herrod
Rep. Christine Johnson
Rep. Todd Kiser

Members Excused: Rep. Jackie Biskupski

Staff Present: Dr. Andrea Wilko, Chief Economist
Dr. Thomas Young, Economist
Becky Lawyer, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Rep. Allen called the meeting to order at 9:15 a.m. and asked committee members and staff to introduce themselves.

Dr. Thomas Young gave a brief description of the committee and its responsibilities. He also described the COBI and its use.

Sen. Okerlund reported that the Executive Appropriations Committee recommended a prioritization of 4% cuts for FY 2010 put forward by agencies to be complete by the end of the day. He also requested the agencies to relate successful initiatives relative to budget cuts.

Dr. Andrea Wilko gave a power point presentation on the budget update, including the current challenges to reduce expenditures by 4% in FY 2010 and 5% in FY 2011. Questions from the committee were addressed.

The staff presented a list of proposed changes to the budget for the Department of Community and Culture, and the Tax Commission.

Sen. Killpack requested an itemization of areas not on the handout, specifically the number of FTE positions affected.

Department of Community and Culture

Palmer DePaulis, Executive Director, Department of Community and Culture, thanked the committee and staff for the opportunity to address budget concerns and thanked staff for their hard work. He introduced Michael Hansen formerly from the Governor's Office of Planning and Budget, as the new deputy director.

Budget cuts the department has made for 2010 were discussed. Effort was made to adopt the legislature's priorities regarding optimizing and efficiency in use of resources in order to prevent major cuts in core programs and services. Several FTEs were eliminated, and travel was reduced, which made functioning especially difficult for programs in rural areas. Digitization was cut by 20%. They met their 3% COLA reduction without having to resort to furloughs. Questions from the committee were addressed.

Kimball Hale, Finance Director, Department of Community and Culture, then addressed the committee and discussed the budget cuts.

Donna Jones Morris, Director, Division of State Library, introduced Paul Kroft, Financial Manager, and expressed appreciation to the committee. Great efforts are being made to increase digitization. Biggest losses due to cuts have been in personnel, particularly in the warehouse and in programs for the blind. A bookmobile supervisor was also lost. The grants for continuing education program were dropped. One-time cuts were also met by not filling vacant positions. Questions were asked by the committee.

Sen. Okerlund requested a line-item breakdown of expenses.

Rep. Allen complimented state employees for their hard work and programs.

Phillip Notarianni, Director, Division of State History, introduced Wilson Martin, Deputy Director and State Historic Preservation Officer. A report was made of the effect of the 19% reduction made by the legislature in 2009, resulting in the loss of 2 FTEs, including the Historic Collections Curator and Education Outreach Specialist. Non-essential supplies and amenities have been eliminated. Some projects have been delayed to bring them to the 3% COLA reduction requested by the Governor, and for the 4% reduction additional holds have been considered.

Wilson Martin reported that the Historical Quarterly is available by subscription and some are available due to overage. There will also be further reductions in staff at the 5% level in subscriber fees.

Margaret Hunt, Director, Division of Arts and Museums, accompanied by Lynnette Hiskey,

Assistant Director, Utah Arts Council, spoke first of the cuts sustained last year. Staff was reduced by 4 FTEs out of 25, which were not vacant positions. Application was made to the National Endowment for the Arts and a one-time amount of \$301,000 in the current FY was granted. The funds were specifically for job losses in the arts sector. Funds were again granted to arts organizations around the state. General expenses were reduced by eliminating out-of-state travel and reducing grants to museums and arts organizations. Subsidies to local communities for the arts were also reduced, as well as seminars, workshops and conservation programs. Water and snacks for meetings were discontinued. Effort has also been made to eliminate unnecessary expenditures for cell phones and excess office supplies. The Utah Arts Council and the Office of Museum Services have integrated and are now the Division of Arts and Museums. Questions from the committee were presented.

Sen. Okerlund commended the detail in the report.

Gordon Walker, Director, Housing and Community Development, discussed being held to the 4% cut and, for next year, the 5%. There is concern regarding the Pamela Atkinson Homeless Trust Fund, which involves a 10-year plan to end chronic homelessness. Work has been done with a group from Arizona. There has been a loss of \$500,000 one-time money, and now the other money is being used for case studies. The Emergency Food Network is not drawing down funds, and as a result should be decreased. Funds are not used for food, but for storage and preservation. Staffing has remained about the same. Questions were entertained from the committee. A list of grant recipients for EFN funds was requested.

Tax Commission

Rod Marrelli, Executive Director, Tax Commission, was accompanied by Julie Alsop, Budget Director. Bruce Johnson, newly appointed chairman, was also introduced. A brief description of the commission's mission was given. There are 750 FTEs and most of the cuts were taken there. They have also tried to do things more efficiently. The commission reduced the size of the motor vehicle packet, amounting in a savings of \$250,000. The amount of money for expert witnesses has been reduced by training employees to serve in this capacity. There is great concern connected with reducing personnel, where most of the 4%-5% cuts will be made. Empty positions will remain vacant.

Online vehicle registration renewal was discussed and it was determined that more online registrations equals fewer employees in the offices. 45% of vehicle registration is done online. Online renewal has reduced the need to build large offices and pay rent for them and fill them with employees.

Lack of compliance was discussed and it was noted that nationwide, 17% of people don't comply with tax laws. Last year 7 auditors were cut and this year there may be 7 more. Each auditor

may generate more revenue than the salary paid by the state.

Rep. Johnson discussed the possibility of an Offer and Compromise policy. Rod Marrelli stated that a similar program already exists in which a computer program analyzes the ability to pay. If the amount owed exceeds \$10,000 it must go before the commission.

Rep. Allen recessed the meeting at 12:18 p.m.

Afternoon Session

Rep. Allen called the meeting to order at 2:15 p.m.

Utah Science, Technology and Research

Ted McAleer, Executive Director, Utah Science, Technology and Research, introduced Amanda Bezzant, Budget Director, and then addressed the committee. A handout and powerpoint presentation was given showing proposed cuts and providing information about USTAR programs.

Governor's Office of Economic Development

Spencer Eccles, Executive Director, GOED, introduced Sophia DiCaro, Finance Director. Methods of reducing expenses were discussed. Reductions were made by eliminating 4 FTEs, a nearly 7% reduction in staff. One program was also eliminated to reduce budget, as well as limiting travel, resulting in an initial cut of \$2.65 million. Other cuts are proposed to bring expense to the 4% level. Salary reductions for employees was discussed but not adopted.

Gary Harter, Managing Director for Business Creation in GOED, discussed the business service providers initiatives in the state. A powerpoint slide show was presented and handouts distributed detailing programs and services provided by the state. Proposed budget reductions were also indicated. Questions from the committee were discussed.

Rep. Allen requested a copy of the report. Questions from the committee were discussed.

Leigh von der Esch, Managing Director, Office of Tourism and Film, commented on the percentage of Utahns employed when movie companies have come to the state.

Dr. Wilko summarized the proposed budget recommendations and questions from the committee were discussed.

MOTION: Sen. Okerlund moved to approve the recommended prioritization proposal as is with

the exception of moving the elimination of 5 tax auditors below item 30, and allowing the Tax Commission to fill vacant positions. The motion passed unanimously.

MOTION: Rep. Fisher moved that the list be recommended as amended. The motion passed unanimously.

Appreciation was expressed to the committee members and staff. The committee was reminded that FY11 still needs to be addressed as well as the possibility of eliminating meetings on Thursdays except for occasional tours.

MOTION: Sen. Davis moved to adjourn. The motion passed unanimously.

Rep. Allen adjourned the meeting at 4:17 p.m.

Sen. Ralph Okerlund, Co-Chair

Rep. Sheryl L. Allen, Co-Chair